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May 31, 2013

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-12-27  
Net Metering Service – Idaho Power Company's Rebuttal Testimony

Dear Ms. Jewell:

Enclosed for filing are an original and eight (8) copies each of the rebuttal testimonies of Gregory W. Said and Matthew T. Larkin. One copy of each of the aforementioned testimonies has been designated as the "Reporter's Copy." In addition, a disk containing Word versions of the testimonies is enclosed for the Reporter.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt  
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION     )  
OF IDAHO POWER COMPANY FOR            )  
AUTHORITY TO MODIFY ITS NET            ) CASE NO. IPC-E-12-27  
METERING SERVICE AND TO INCREASE     )  
THE GENERATION CAPACITY LIMIT.        )  
\_\_\_\_\_)

IDAHO POWER COMPANY

REBUTTAL TESTIMONY

OF

GREGORY W. SAID

1 Q. Please state your name and business address.

2 A. My name is Gregory W. Said and my business  
3 address is 1221 West Idaho Street, Boise, Idaho.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho  
6 Power" or "Company") as the Vice President of the  
7 Regulatory Affairs Department.

8 Q. Please describe your educational background.

9 A. In May of 1975, I received a Bachelor of  
10 Science Degree in Mathematics with honors from Boise State  
11 University. In 1999, I attended the Public Utility  
12 Executives Course at the University of Idaho and am now on  
13 the faculty of that program covering "Regulation and  
14 Ratemaking." I have attended numerous additional  
15 educational conferences throughout my career at Idaho Power  
16 and am an active member of the Edison Electric Institute's  
17 Rates and Regulatory Affairs Committee.

18 Q. Please describe your work experience with  
19 Idaho Power.

20 A. I became employed by Idaho Power in 1980 as an  
21 analyst in the Resource Planning Department. In 1985, the  
22 Company applied for a general revenue requirement increase.  
23 I was the Company witness addressing power supply expenses.

24 In August of 1989, after nine years in the Resource  
25 Planning Department, I was offered and I accepted a

1 position in the Company's Rate Department. With the  
2 Company's application for a temporary rate increase in  
3 1992, my responsibilities as a witness were expanded.  
4 While I continued to be the Company witness concerning  
5 power supply expenses, I also sponsored the Company's rate  
6 computations and proposed tariff schedules in that case.

7           Because of my combined Resource Planning and Rate  
8   Department experience, I was asked to design a Power Cost  
9   Adjustment ("PCA") which would impact customers' rates  
10   based upon changes in the Company's net power supply  
11   expenses. I presented my recommendations to the Idaho  
12   Public Utilities Commission ("Commission") in 1992, at  
13   which time the Commission established the PCA as an annual  
14   adjustment to the Company's rates. I sponsored the  
15   Company's annual PCA adjustment in each of the years 1996  
16   through 2003.

17 In 1996, I was promoted to Director of Revenue  
18 Requirement. I have overseen the preparation of revenue  
19 requirement information for regulatory proceedings since  
20 that time.

21 In 2008, I was promoted to Director of State  
22 Regulation, adding the area of Rate Design to my oversight  
23 responsibilities.



1           In 2010, I was promoted to General Manager of the  
2   Regulatory Affairs Department and in 2011, I was promoted  
3   to Vice President of Regulatory Affairs.

4           As the Vice President of Regulatory Affairs, I  
5   oversee and direct the activities of the Regulatory Affairs  
6   Department. These activities include the development of  
7   jurisdictional revenue requirements, the oversight of the  
8   Company's rate adjustment mechanisms, the preparation of  
9   cost-of-service studies, the preparation of rate design  
10  analyses, and the administration of tariffs and customer  
11  contracts. I also have the primary responsibility for  
12  corporate policy regarding matters related to the economic  
13  regulation of Idaho Power. I have testified before the  
14  Idaho Public Utilities Commission and the Public Utility  
15  Commission of Oregon on numerous occasions.

16           Q.     What is the purpose of your rebuttal testimony  
17  in this matter?

18           A.     The purpose of my rebuttal testimony is to  
19  respond to a number of recommendations regarding the  
20  Company's net metering service and its purpose that have  
21  been presented by the Commission Staff ("Staff"), Idaho  
22  Clean Energy Association ("ICEA"), the City of Boise,  
23  Pioneer Power, LLC ("Pioneer Power"), and the Idaho  
24  Conservation League ("ICL"). There are five major issues  
25  that I wish to respond to: (1) the purpose of the Company's

1 filing, (2) the intent of net metering service, (3) the  
2 proper treatment of excess net energy, (4) rate certainty  
3 and the importance of a capacity cap, and (5) the Company's  
4 position on the future of net metering service.

5 **I. PURPOSE OF THE FILING**

6 Q. The City of Boise's witness, Mr. Rick Gilliam  
7 states on pages 3 and 4 of his testimony that "[t]he  
8 actions and changes proposed by IPCo in this case are  
9 individually and collectively designed to make customer on-  
10 site generation more difficult to install and more  
11 expensive to utilize, or both." Is this true?

12 A. No, that was certainly not Idaho Power's  
13 intent. The Company's filing is intended to expand the  
14 availability of net metering service under a design that is  
15 both scalable and sustainable into the future.

16 Q. Please explain.

17 A. As Idaho Power considered expanding the  
18 availability of net metering service, the Company  
19 recognized that its traditional business model and rate  
20 design were not developed to address the unique  
21 characteristics of customers with distributed generation  
22 ("DG") resources or the transactions that net metering  
23 service is intended to facilitate. Up until recently,  
24 Idaho Power's business model had been to generate (or  
25 purchase) power at locations some distance from customers

1 and transport it through the transmission and distribution  
2 systems to customers, at the times and quantities needed to  
3 supply energy to meet customer demand. The introduction of  
4 DG systems has changed this model by allowing customers to  
5 generate a portion of their energy needs locally. These  
6 customers can also export any excess production to the  
7 Company. Under this arrangement, customers expect that  
8 Idaho Power will provide backup and reliability services to  
9 ensure that they have power whenever they need it, whether  
10 their DG systems are generating or not.

11 Residential customers with DG systems are similar to  
12 other residential customers in that they use power for  
13 residential purposes. However, residential customers with  
14 DG systems are dissimilar to other residential customers in  
15 that they produce power, can offset their usage of power,  
16 use the transmission and distribution services in a  
17 different manner, and require backup services.

18 As customer characteristics change, it is important  
19 to align prices with the products and services that  
20 customers utilize. This will position Idaho Power to  
21 effectively respond to changing customer needs. Because  
22 Idaho Power has historically provided a fully bundled set  
23 of services that included generation, transmission,  
24 distribution and customer service, rates were designed to  
25 recover these costs in a similarly bundled fashion.

1   However, with increased adoption of DG systems, fewer  
2   customers, particularly those with residential end-uses,  
3   will require the full bundle of services provided to  
4   traditional customers. The unique nature of DG requires an  
5   effective unbundling of reliability, standby, and power  
6   quality services from traditionally bundled utility  
7   services. Corresponding changes need to occur in the  
8   Company's rate structure to ensure that DG customers are  
9   paying for services they receive.

10           Q.     Please expand upon why the Company feels that  
11   it is important to modify the rate structure for net  
12   metering service?

13           A.     In general, Idaho Power's rates are designed  
14   to recover the costs of all of the services provided  
15   through both fixed and variable (or volumetric) charges.  
16   However, in most instances, particularly with regard to the  
17   residential class, almost all of the Company's costs are  
18   recovered through volumetric (per kilowatt-hour ("kWh"))  
19   charges, including the Company's fixed distribution costs,  
20   as well as other fixed administrative costs. Currently,  
21   residential and small general service customers with DG  
22   systems are able to avoid paying for the fixed costs for  
23   distribution and administrative services even though they  
24   continue to utilize them.

25

1           The Company's proposal recognizes that residential  
2   and small general service customers with DG systems are  
3   dissimilar from traditional residential and small general  
4   service customers. The proposal to create new Schedules 6  
5   and 8 addresses this dissimilarity by removing the recovery  
6   of fixed distribution and administrative costs from the  
7   energy charge for this unique set of customers and instead  
8   recovering those costs through the proposed Service Charge  
9   and Basic Load Capacity charge. This change better aligns  
10  cost recovery with cost causation for residential and small  
11  general service customers with DG systems.

12                   **II. INTENT OF NET METERING SERVICE**

13           Q.       Several witnesses representing parties in this  
14  proceeding suggest that net metering service should  
15  encourage the installation of DG, particularly solar  
16  generation. Is that the intent of net metering service?

17           A.       No. Net metering service is a tariff service  
18  available to customers who choose to install DG at their  
19  homes or businesses and wish to interconnect to the  
20  Company's electrical system. This service provides for  
21  transfer of electricity to the Company through customer-  
22  owned generation facilities with the intent of offsetting  
23  all or a portion of a customer's energy usage. Under this  
24  service, customers are able to offset their individual  
25  energy needs directly by their own generation, and export

1 any excess production to the Company. However, the Company  
2 continues to provide backup, reliability, and customer  
3 services to these customers to ensure that they have power  
4 whenever they need it.

5 Q. The City of Boise's witnesses Mr. Paul R.  
6 Woods and Ms. Cece Gassner recommend that the Commission  
7 reject the Company's application with regard to net  
8 metering service modifications because they believe that  
9 the proposed modifications do not align with the City of  
10 Boise's goals with regard to sustainability and economic  
11 growth. Is the intent of net metering service to further  
12 the sustainability and economic goals of the City of Boise?

13 A. No. While Idaho Power does not oppose the  
14 City of Boise's goals in the areas of sustainability and  
15 economic development, retaining inappropriate net metering  
16 rates and service provisions is not the appropriate vehicle  
17 for furthering those goals. The continued use of standard  
18 residential and small general service rates for customers  
19 with DG installations via current net metering service  
20 provisions will not necessarily promote a sustainable  
21 growth of solar and other renewable energy systems. A  
22 growing net metering customer base results in a shrinking  
23 pool of standard service customers who must pay for the  
24 unrecovered fixed costs of the customers who are able and  
25 willing to make DG investments.



1 "non-firm power" to be "power or power-producing capacity  
2 supplied or available under a commitment having limited or  
3 no assured availability."<sup>2</sup> By definition, the excess  
4 generation output of DG systems taking net metering service  
5 clearly represents a non-firm power or energy product.  
6 This arrangement is unlike a Public Utility Regulatory  
7 Policy Act of 1978 ("PURPA") contract because there are no  
8 performance requirements and there is no obligation to  
9 generate.

10 Q. Mr. Beach proposes a new method of valuing the  
11 energy produced by net metering. Is this method consistent  
12 with the Commission's currently approved method for valuing  
13 non-firm energy produced by renewable energy resources?

14 A. No. The Commission-approved method for  
15 determining the value of non-firm generation such as that  
16 produced by net metering systems is set forth in Schedule  
17 86. According to Schedule 86, the avoided energy cost  
18 value for non-firm energy products is equal to 85 percent  
19 of the weighted average daily on-peak and off-peak Dow  
20 Jones Mid-Columbia Electricity Price Index prices for non-  
21 firm energy published in the Wall Street Journal. Over the  
22 past year this price has ranged from approximately \$0.005  
23 per kWh to \$0.019 per kWh.

24

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<sup>2</sup> <http://www.eia.gov/tools/glossary/index.cfm?id=N>



1           Q.     What can be concluded by the analysis  
2 presented by Mr. Beach?

3           A.     Because Mr. Beach's energy valuation analysis  
4 is incorrectly premised on the belief that DG systems  
5 taking net metering service provide a "firm" energy  
6 product, the conclusions reached by the analysis are not  
7 relevant with regard to net metering service. Therefore,  
8 the Commission should disregard the entire analysis.

9           It should also be noted that the Commission, the  
10 Company, and numerous other stakeholders recently dedicated  
11 a significant amount of resources and regulatory process  
12 toward the development of a methodology for determining the  
13 value of firm energy produced by cogeneration and small-  
14 scale power production in Case No. GNR-E-11-03. Even if  
15 one agreed that DG systems provide firm power, Mr. Beach's  
16 proposed energy valuation methodology does not align with  
17 the Commission's recently approved methodology for valuing  
18 firm energy contracts and therefore should be rejected.

19          Q.     ICEA witness, Ms. Courtney White, states on  
20 page 8 of her testimony that the Company's filing is  
21 inconsistent with Idaho state policy. She notes that the  
22 Idaho State Legislature's directive included in the 2012  
23 Idaho Energy Plan states that "the Idaho PUC should  
24 continue to administer its responsibilities under the  
25 Public Utility Regulatory Act in a way that encourages the

1 cost-effective development of customer-owned renewable  
2 generation and combined heat and power facilities." Is  
3 there a regulatory process in place to identify cost-  
4 effective resources to be considered for future  
5 development?

6 A. Yes. The Commission has relied upon the  
7 Company's Integrated Resource Planning ("IRP") process to  
8 determine the economic viability and risk profile of all  
9 potential resources including renewable generation and  
10 energy efficiency.

11 Q. Has the Company analyzed Solar DG as part of  
12 its IRP process?

13 A. Yes. The Company has analyzed Solar DG as  
14 part of its 2013 IRP process. In the Company's "Risk  
15 Analysis on Resource Alternatives,"<sup>3</sup> solar DG was determined  
16 to not be cost-effective as compared to other available  
17 resource alternatives and therefore has not been included  
18 in the Company's preferred portfolio of resources.

19 Q. Is the Company opposed to the Commission  
20 taking action to encourage the cost-effective development  
21 of customer-owned renewable generation?

22

23

1           A.     Absolutely not.   However, the Company believes  
2     that the Commission should continue to rely on the  
3     Company's IRP process to identify cost-effective resources.

4           Q.     Why should the Commission not utilize net  
5     metering service provisions to encourage the development of  
6     customer-owned renewable resources?

7           A.     The current net metering rates provide  
8     indirect incentives to customers with DG systems, which is  
9     problematic because those indirect incentives lack  
10    transparency.   Rather than providing an incentive  
11    specifically designed to meet a desired objective, the  
12    indirect incentives that net metering customers receive  
13    today from traditional energy pricing originate from the  
14    ability of customers with DG systems to obtain free use of  
15    equipment and services.   Consequently, there is potential  
16    for customers with DG installations to pay less than their  
17    cost of service in a manner that is disconnected from any  
18    underlying rate design policy goals.   This approach brings  
19    with it the risk of providing indirect incentives that are  
20    greater than necessary to accomplish desired renewable  
21    energy development goals.

22                   **III.   PROPER TREATMENT OF EXCESS NET ENERGY**

23           Q.     The ICEA and Pioneer Power recommend that the  
24     Commission authorize financial compensation of excess net  
25     generation based on the Company's avoided cost of energy at

1 any time, or at the time a net metering customer's service  
2 is disconnected, respectively. Does Idaho Power support  
3 prospectively offering a financial payment for excess net  
4 metering generation in either circumstance?

5           A.     No. As explained in greater detail on pages 7  
6 and 8 of the Company's Application, the Federal Energy  
7 Regulatory Commission ("FERC") maintains that all power  
8 purchases made by utilities to non-Qualified Facilities  
9 under PURPA are wholesale transactions under the FERC's  
10 jurisdiction -- not retail transactions to be regulated at  
11 the state level. As I understand it, to receive financial  
12 compensation for a net excess power sale as recommended by  
13 ICEA and Pioneer Power, the net metering customer would be  
14 required to comply with either the requirements of the  
15 FERC-administered Federal Power Act or Idaho's  
16 implementation of PURPA.

17           To ensure that its net metering service can be fully  
18 administered at the state level and comply with federal  
19 law, Idaho Power cannot continue providing financial  
20 compensation for net sales of excess net metered  
21 generation. Customers that wish to continue selling net  
22 generation to Idaho Power for financial payment may do so  
23 as a PURPA Qualified Facility by procuring a sales  
24 agreement through Schedule 86.

25

1           Q.       Several parties discuss the disparate impacts  
2 the December expiration date would have on net metering  
3 customers due to varying generation and consumption  
4 patterns. How do you respond to these concerns?

5           A.       In light of the concerns regarding the  
6 proposed December expiration date, the Company is willing  
7 to revise its original proposal regarding the excess net  
8 energy credit system as described in its application. The  
9 Company would accept an excess net energy credit system  
10 that would allow customers to self-select the annual  
11 expiration date of unused kWh credits. However, for  
12 reasons previously stated, the Company maintains that a kWh  
13 credit system should be implemented in lieu of the existing  
14 financial credit system, and that only per-kWh energy  
15 charges should be eligible for offset. I have asked Mr.  
16 Matt Larkin to detail this proposal and its underlying  
17 rationale in his testimony.

18       **IV. RATE CERTAINTY AND THE IMPORTANCE OF A CAPACITY CAP**

19           Q.       Witnesses White and Dunay suggest that the  
20 Company's proposal in this case has introduced uncertainty  
21 and financial risk that is negatively impacting the local  
22 solar industry and future solar installations. To your  
23 knowledge, has the Commission or the Company ever suggested  
24 that net metering rates provide certainty for customers?

25

1           A.       No.   Quite to the contrary, the Commission  
2   made the following statement on page 7 of Order No. 30227,  
3   Case No. IPC-E-06-17:

4                   [W]e must note that the net metering  
5                   program price is a tariff rate. It is  
6                   not a contract rate. As a tariff rate,  
7                   it is subject to change. An impetus  
8                   for future change is recognition that  
9                   in addition to the customer charge, the  
10                  Company recovers some of its fixed  
11                  costs for serving customers in its  
12                  energy charge. A persuasive argument  
13                  could be made that net metering  
14                  customers are being subsidized by other  
15                  customers. Indeed in our Order  
16                  approving net metering we recognized  
17                  that the full cost of the program may  
18                  not be borne by participants. Order  
19                  No. 28951. The Company pursuant to  
20                  Commission direction continues to  
21                  monitor net metering program costs,  
22                  cost recovery and related issues of  
23                  subsidization. Customers therefore  
24                  should not rely on continuation of the  
25                  tariff rate in cost effectiveness  
26                  calculations to justify net metering  
27                  equipment investment decisions.

28  
29   Consistent with the Commission's view, the Company's  
30   practice has been to remind customers who are considering  
31   net metering service that there is not a contract  
32   associated with the service and therefore rates are subject  
33   to change.

34           Q.       Given the testimony filed in opposition to the  
35   proposed net metering capacity cap, does the Company  
36   continue to support the implementation of a capacity cap at  
37   5.8 megawatts?

1           A.     Yes. The Company is in agreement with the  
2 Staff on this issue. The capacity cap provides an  
3 opportunity for periodic review of the net metering service  
4 provisions and pricing. Further, the cap provides the  
5 Company with an opportunity to assess the impacts that DG  
6 may have on the reliable operation of its electrical  
7 system. To date, the most important aspect of the cap has  
8 been to limit the potential cost assignment inequities that  
9 exist as a result of applying traditional bundled rate  
10 design for net metering service. If the Commission  
11 declines to implement the Company's net metering rate  
12 design proposal, there will be a greater need to have in  
13 place a capacity cap to limit the potential cost assignment  
14 inequities that will continue to grow.

15           Q.     Does the existence of the proposed capacity  
16 cap introduce any additional rate uncertainty other than  
17 what would exist without a capacity cap?

18           A.     No. As pointed out by the Commission in Order  
19 No. 30227, the net metering price "is not a contract rate.  
20 As a tariff rate, it is subject to change." A capacity cap  
21 does not change this fact, it simply puts in place a known  
22 trigger for review.

23                   **V. FUTURE OF NET METERING SERVICE**

24           Q.     Several witnesses representing other parties  
25 in this proceeding claim that Idaho Power's proposal to

1 create new rate classes that distinguish between standard  
2 and net metering customers is discriminatory. Do you  
3 agree?

4 A. No. I am familiar with Idaho Code § 61-315,  
5 which prohibits any public utility from offering  
6 preferential or discriminatory rates or services to  
7 customers, or to establish any unreasonable difference as  
8 between classes of service. The Idaho Supreme Court  
9 interpreted Idaho Code § 61-315 in the *Idaho State*  
10 *Homebuilders v. Washington Water Power* ("Homebuilders")  
11 case,<sup>4</sup> which I have also read. The *Homebuilders* Court  
12 observed that not all differences in a utility's rates  
13 between different customers constitute unlawful  
14 discrimination or preference under Idaho Code § 61-315.  
15 The Court explained that the setting of different rates may  
16 be justified by factors such as "cost of service, quantity  
17 of electricity used, differences and conditions of service,  
18 or the time, nature and pattern of use."<sup>5</sup> The *Homebuilders*  
19 Court also stated the Commission may consider other

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<sup>4</sup> *Idaho State Homebuilders v. Washington Water Power*, 107 Idaho 415, 690 P.2d 350 (1984).

<sup>5</sup> *Id.* at 420, 690 P.2d at 335, Citing *Utah-Idaho Sugar Co. v. Intermountain Gas Co.*, 100 Idaho 368, 597 P. 2d at 809-810 (1981).



1 criteria for establishing different rates including energy  
2 conservation, optimum use, and resource allocation.<sup>6</sup>

3           Although I do not practice law, based on my reading  
4 of *Homebuilders* as a lay person, I believe that Idaho  
5 Power's proposal to create Schedules 6 and 8 meets the non-  
6 discriminatory standard set by the Idaho Supreme Court. As  
7 described earlier in my testimony, net metering customers  
8 utilize on-site generation that causes them to use Idaho  
9 Power's distribution system in a fundamentally different  
10 fashion than standard service customers.

11           In effect, net metering customers require Idaho  
12 Power to provide "standby service" much like industrial  
13 customers with cogeneration -- a service which is  
14 separately tariffed under Schedule 54.

15           Q.     If the Commission declines to implement the  
16 Company's net metering rate design proposal, should the  
17 Commission still establish tariff Schedules 6 and 8?

18           A.     Yes. Even if it declines to implement the  
19 Company's net metering rate design proposal, the Commission  
20 should still establish tariff Schedules 6 and 8. By  
21 implementing Schedules 6 and 8, the Commission will send a  
22 clear message to the Company and its customers that it  
23 recognizes net metering service as a substantially

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<sup>6</sup> *Id.* Citing *Grindstone Butte Mutual Canal Co. v. Idaho Public Utilities Commission*, 102 Idaho at 180-181, 627 P. 2d at 809-810 (1981).

1 different type of service as compared to standard  
2 residential and small general service. By establishing  
3 Schedules 6 and 8, the Commission will also make it clear  
4 that when the Company files its next general rate case, the  
5 costs to provide net metering service and future pricing  
6 structures will be specifically tailored to the unique  
7 services that net metering customers desire.

8 Q. On page 10 and 11 of his testimony, Staff  
9 witness Matt Elam likens the service taken by a net  
10 metering customer to that of a customer with a vacation  
11 home to support his argument that net metering customers  
12 should not be treated differently from other residential  
13 customers. Do you agree that this is a valid comparison?

14 A. No. While I would agree that a net metering  
15 customer and a customer with a vacant vacation home have  
16 the potential for similar net usage on a monthly basis, the  
17 similarity ends there. The way in which these two types of  
18 customers utilize the electrical system on a daily or  
19 hourly basis may differ dramatically. When a vacation home  
20 has zero energy consumption over a month, it is because the  
21 customer did not take any energy during the month and  
22 therefore did not utilize the Company's system during that  
23 month. On the other hand, when a net metering customer has  
24 net zero consumption for the month, it is likely that the  
25 net metering customer took energy during some hours of the

1 month which was ultimately offset by on-site generation.  
2 In hours when a net metering customer is generating energy  
3 in excess of consumption to achieve net zero consumption,  
4 that customer is also using the Company's distribution  
5 system at no cost.

6 In the case of a vacation home, traditional bundled  
7 residential rate design has carried with it an implied  
8 policy of customers being required to pay when they use the  
9 system. Under the traditional bundled residential rate  
10 design approach, this "pay-for-use" policy cannot be  
11 consistently applied for net metering service customers  
12 because a net metering customer has the unique ability to  
13 utilize the Company's distribution system at no cost.

14 Q. Several witnesses in this case suggest that  
15 because any inequities that currently exist regarding net  
16 metering service are relatively small, the Commission  
17 should not take any action now. Do you agree with this  
18 recommendation?

19 A. No. Several witnesses in this case also point  
20 out that there is potential for solar DG to grow rapidly in  
21 the near future. The Company's filing is intended to  
22 expand the availability of net metering service under a  
23 design that is both scalable and sustainable into the  
24 future. The current net metering rate design and service  
25 provisions are neither scalable nor sustainable. The

1 Commission has an opportunity now to fix the flaws in the  
2 current net metering service while the service is still  
3 relatively small in scale. If the Commission declines to  
4 make necessary changes now, the financial uncertainty  
5 described by Ms. White in her testimony will continue and  
6 the number of customers with DG installations ultimately  
7 impacted by future net metering rate design modifications  
8 will multiply.

9 Q. On page 28 of his direct testimony, Mr.  
10 Gilliam recommends that any rate changes adopted in this  
11 proceeding "should be gradual and applied only to new  
12 customers." Do you agree?

13 A. No. Although Idaho Power does not object to  
14 gradually moving customers with net metering service closer  
15 to their cost of service, the Company does not agree that  
16 any rate changes resulting from this proceeding should be  
17 applied only to new customers. As the Commission noted in  
18 Order No. 22489, "this Commission has never 'vintaged'  
19 utility conditions at the time a customer begins service or  
20 expands service for the benefit of that customer."  
21 Although the Commission in 1989 was speaking to special  
22 contracts for large industrial customers, I believe it to  
23 be an accurate statement about services provided to  
24 customers generally. The Commission also indicated on page  
25 6 of that Order that "special contract customers coming on

1 in this time of surplus have no rights to continuation of  
2 their 'good deals' beyond the time of surplus." I  
3 similarly believe that existing net metering service  
4 customers have no right to continue indefinitely under the  
5 existing tariff at a promotional full retail rate that does  
6 not adequately recover the utility's cost to provide  
7 electric service. Although this may alter the period over  
8 which net metering customers recover the cost of their  
9 respective investments, builders of electric generation are  
10 not guaranteed a return on their investment.

11 While ICEA's recommendation to grandfather the full  
12 retail rate to existing net metering customers would be  
13 extremely difficult for the Company to administer, the  
14 primary reason Idaho Power opposes the recommendation for  
15 grandfathering is because it is not likely permissible  
16 under Idaho law. My understanding is that the intent of  
17 Idaho Code § 61-315 and the Idaho Supreme Court's  
18 *Homebuilders* decision is to prevent similarly situated  
19 customers from being treated differently from one another  
20 based solely on when they began taking service.

21 Q. Does that conclude your testimony?

22 A. Yes, it does.

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I, Gregory W. Said, having been duly sworn to  
testify truthfully, and based upon my personal knowledge,  
state the following:

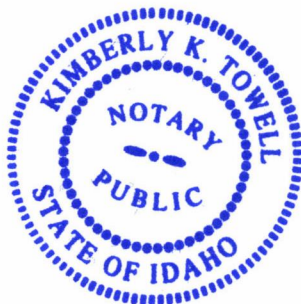
I am employed by Idaho Power Company as the Vice President of Regulatory Affairs and am competent to be a witness in this proceeding.

I declare under penalty of perjury of the laws of the state of Idaho that the foregoing rebuttal testimony is true and correct to the best of my information and belief.

DATED this 31<sup>st</sup> day of May, 2013.

  
Gregory W. Said

SUBSCRIBED AND SWORN to before me this 31<sup>st</sup> day of  
May, 2013.



Kimberly K. Towell  
Notary Public for Idaho  
Residing at: Star, Idaho  
My commission expires: 12-20-2014



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31<sup>st</sup> day of May 2013 I served a true and correct copy of the within and REBUTTAL TESTIMONY OF GREGORY W. SAID, upon the following named parties by the method indicated below, and addressed to the following:

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Kimberly Towell, Executive Assistant